

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 AGR-01 /104 W
-----042548 111053Z /11
R 111009Z AUG 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 0319

UNCLAS SECTION 1 OF 2 TOKYO 14524

E.O. 11652: NA
TAGS: EIND, ETRD, JA
SUBJECT: TRADE FACILITATION COMMITTEE: SENIOR REVIEW
COMMITTEE MEETING AUG 7-9, 1978

1. SUMMARY: ASSISTANT SECRETARY WEIL IN SENIOR REVIEW COMMITTEE (SRC) MEETING AND IN SEPARATE MEETINGS WITH GOJ AGENCIES INVOLVED IN TFC CASES EMPHASIZED NEED FOR PROGRESS IN RESOLVING TFC CASES AND USG CONCERN THAT EXCHANGE RATE CHANGE NOT FULLY REFLECTED IN RETAIL PRICES IN JAPAN OR EXPORT PRICES TO U.S. JAPANESE EMPHASIZED IMPACT OF EXCHANGE RATE CHANGES ON TRADE ALREADY REFLECTED IN JAPANESE EXPORTS IN QUANTITY TERMS. SOME RECENT PROGRESS IN RESOLVING TFC CASES NOTED -- FOUR COMPANY CASES FAVORABLY RESOLVED -- JAPAN TOBACCO MONOPOLY PROPOSES CONSULTATIONS RE MARKET FOR CIGARETTES. MEDIA COVERAGE EXCELLENT. END SUMMARY.

2. ASSISTANT SECRETARY WEIL DURING VISIT TO JAPAN AUGUST 7-9 FOR THIRD SENIOR REVIEW COMMITTEE (SRC) MEETING MET SEPARATELY WITH MINISTER USHIBA, DEPUTY FOREIGN MINISTER MIYAZAKI, AND SENIOR OFFICIALS IN GOJ AGENCIES INVOLVED IN TFC CASES. MAIN POINTS EMPHASIZED BY WEIL AT THESE MEETINGS WERE THAT A)
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WHILE THERE IS SOME PROGRESS ON RESOLUTION OF TFC CASES, THERE IS NEED FOR MORE PROGRESS TO COUNTER PROTECTIONIST TRENDS; B) DOMESTIC AGENCIES MUST BE MORE AWARE OF THE TRADE IMPACT OF ACTIONS THEY MIGHT TAKE; C) THERE IS A DIRECT LINK BETWEEN ELIMINATING MARKET ACCESS IMPEDIMENTS AND OUR MUTUAL EFFORTS TO STIMULATE U.S. EXPORTS; AND D) THERE IS SOME CONCERN THAT

APPRECIATION OF YEN NOT FULLY REFLECTED IN LOWER
RETAIL PRICES FOR JAPANESE IMPORTS OR HIGHER PRICES
FOR EXPORTS. FOLLOWING ARE HIGHLIGHTS OF INDIVIDUAL
MEETINGS AND MEDIA COVERAGE.

3. SENIOR REVIEW COMMITTEE MEETING: JAPANESE ANNOUNCED
FORMATION OF 40-50 MEMBER WORKING COMMITTEE TO SUPPRT
OCTOBER EXPORT DEVELOPMENT MISSIONS. DOKO, PRESIDENT,
KEIDANREN FEDERATION OF ECONOMIC
ORGANIZATIONS) WILL SERVE AS HONORARY CHAIRMAN AND
IKEDA, PRESIDENT, MITSUI AND CO. WILL SERVE AS CHAIRMAN.
WEIL WAS APPRECIATIVE OF SUPPORT OF EXPORT DEVELOPMENT
ACTIVITIES AND OFFERED COMMERCE SUPPORT IN OBTAINING
WIDEST POSSIBLE DISTRIBUTION OF MITI/JETRO
PUBLICATIONS. WEIL AGREED WITH JAPANESE RECOMMENDATION
TO ESTABLISH FOUR MAN WORKING COMMITTEE TO WORK ON PLANS
FOR FLOATING FAIR, AND NAMED RICHARD GARNITZ IN
WASHINGTON AND JOSEPH CHRISTIANO IN
TOKYO AS U.S. MEMBERS. JAPANESE DID NOT ANNOUNCE
MEMBERS.

4. AGREEMENT REACHED ON TFC CASE COUNT TO READ SEVEN
CASES RESOLVED, INCLUDING THREE RESOLVED JUST PRIOR
TO WEIL VISIT; SIX CASES IN PROGRESS; TWO ADDITIONAL
CASES RESOLVED INFORMALLY PRIOR TO OFFICIAL TRANSMISSION
TO TFC. TO THIS SHOULD BE ADDED FAVORABLE SOLUTION
OF BOEING HYDROFOIL CASE RESOLVED AFTER SRC MEETING.
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JAPANESE HOPED PROGRESS RESOLVING CASE WOULD BE
REFLECTED IN FUTURE WAYS AND MEANS TASK FORCE REPORTS.

5. JAPANESE SPENT CONSIDERABLE TIME IN STATISTICAL
ANALYSIS OF BILATERAL EXPORTS TO UFS. TO DEMONSTRATE
THAT YEN APPRECIATION IS TAKING EFFECT. JAPAN'S
EXPORTS IN VOLUME SHOWS LEVELING OFF AND EXPECTED TO
DECLINE IN COMING MONTHS.

6. MINISTRY OF POST AND TELECOMMUNICATIONS AND NIPPON
TELEPHONE
TELEGRAPH AND TELEPHONE CORP: JAPANESE SAID TELEPHONE
NETWORK IS INTEGRATED SYSTEM AND NO ROOM FOR IMPORTS;
SOME IMPORTS FOR R&D. WEIL EXPRESSED DISAPPOINTMENT
IN THAT STATEMENT AND POINTED OUT IMPORTANCE OF NTT
AS PURCHASER OF IMPORTS AND IN ITS ROLE IN PRODUCT
APPROVAL FOR IMPORTS. JAPANESE SAID QUESTION OF
LEASED LINE FOR MODEMS SHOULD BE DISCUSSED ON
TECHNICAL LEVEL.

7. MINISTRY OF HEALTH AND WELFARE: JAPANESE CONSIDER
THE ABBOTT AND CORDIS DOW CASES AS TECHNICAL MATTERS,

BUT SPECIAL EFFORT WILL BE MADE TO RESOLVE THESE CASES.

8. MINISTRY OF TRANSPORT: TWO OF THREE CASES HANDLED BY THIS AGENCY HAVE BEEN FAVORABLY RESOLVED; THE THIRD (HANG GLIDERS) SUBMITTED ONE WEEK BEFORE SRC MEETING.

9. TOBACCO AND SALT MONOPOLY: JAPANESE DISTINGUISHED BETWEEN MARKET RELATED ACTIVITIES (ADVERTISING, NUMBER OF RETAIL OUTLETS, ETC.) UNDER JURISDICTION OF JTS AND PRICE DETERMINATION UNDER MINISTRY OF FINANCE. WEIL ACCEPTED JAPANESE PROPOSAL FOR U.S. INDUSTRY/JTS CONSULTATIONS ON MARKET ISSUES AND

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SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 AGR-01 /104 W
-----042282 111052Z /11

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TO SECSTATE WASHDC 0320

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PROPOSED GOVERNMENT-TO-GOVERNMENT TALKS ON PRICE DETERMINATION WHICH JAPANESE AGREED TO. 10. DEP FOREIGN AFFAIRS MINISTER MIYAZAKI EXPRESSED INTEREST IN PROGRESS IN RESOLVING CASES. HE NOTED HIS MINISTRY WAS COOPERATING BY INFORMAL DISCUSSIONS WITH APPROPRIATE OFFICIALS INVOLVED IN TFC CASES.

11. MINISTER FOR EXTERNAL ECONOMIC AFFAIRS USHIBA WAS VERY INTERESTED IN TFC CASES AND OFFERED TO LEND HIS SUPPORT IN RESOLVING THESE CASES.

12. MEDIA COVERAGE HAS BEEN FAIR AND ACTIVE, INCLUDING TEN MINUTE INTERVIEW PRIME TIME NATIONWIDE TELEVISION (NHK). TRANSLATION OF AN ARTICLE IN NIHON KEIZAI TRANSMITTED SEPTTEL.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, COMMITTEE MEETINGS, COMMITTEES, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO14524
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780328-0859
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780871/aaaachug.tel
Line Count: 169
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fed08264-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1762332
Secure: OPEN
Status: NATIVE
Subject: TRADE FACILITATION COMMITTEE: SENIOR REVIEW COMMITTEE MEETING AUG 7-9, 1978
TAGS: EIND, ETRD, JA
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/fed08264-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014